BU 288 Midterm 2 Review Notes by Andy Chang

Chapter 7 – Groups and Teamwork

- **Groups** are 2+ ppl <u>interacting interdependently</u> to achieve a <u>common goal</u>. Group membership is very important for how we shape our perspectives and stuff. Comes in 2 types – **formal workgroups** and **informal workgroups**, dependent of establishment or natural emergence.
- Group Development comes in 5 stages – Forming, Storming, Norming, Performing, Adjourning. This process is self-explanatory but mostly applies to newly formed groups – steps skippable under certain conditions, ex. previously well-acquainted or have strong commonalities.
- **Punctuated Equilibrium Model** says groups with deadlines are affected by the first meeting and crucial midpoint transition. So Phase 1 for setting up assumptions and precedents, but little progress; then the midpoint transition where there is a change in group's approach; which crystallizes the approach the group takes in Phase 2 – for better or worse. Prepare for that meeting, manage the transition carefully, fix all that is wrong during then, resist deadline changes.
- **Group Size** – tends to lead to lower satisfaction as size goes up; as for performance the <u>potential</u> performance depends on the task. Actual performance varies due to **process loss**
    - **Additive tasks** depend on the number of people – more people the better
    - **Disjunctive tasks** depend on the best performer – more people the better
    - **Conjunctive tasks** depend on the worst performer – you want less people
    - **Compensatory tasks** depend on the average performer – so yeah!
- **Group Diversity** – take longer to form, but once formed they can be equally cohesive and productive. Also better for complex, collective (everyone at once needed), creative tasks that do not need to be done quickly – the opposite is true for a homogenous group.
- **Norms** are collective expectations that members of a social unit have regarding the behaviour of each other. What to do/not do and how we evaluate appropriateness. Help provide regularity and predictability and the group often pressures compliance subconsciously! Typical norms in dress, performance, equity, equality etc.
- **Roles** are positions in a group with sets of expectations attached to them. Either <u>designated</u> or <u>emergent</u>, and doesn't always have to be a positive role.
- **Role Ambiguity** is lack of clarity in job goals and methods. Confusion on perf. eval., what is good perf. and limits on authority and responsibility. Ambiguity arises from organizational factors, role sender or focal person being ambig., and can lead to job stress, dissatisfaction, lowered commitment, performance and intentions to quit. Avoid it by giving clear expectations, performance feedback, esp. for newbies and ambig. jobs.
- **Role Conflict** is obvious. **Intrasender** is one sender given incompatible roles, **intersender** is 2 senders giving conflicting, **interrole** is several roles with incompatible expectations (ex. Work and family), **person-role** is mismatch btwn. person and role. Can lead to job stress, dissatisfaction, etc. Avoid contradiction and confer with other senders.
- **Status** is rank/social position awarded to group members in terms of prominence, prestige and respect. Can be through formal status systems (seniority/job position) or informal. Communication tends to flow upwards, but if status diff. big it can hinder it too. Can also have an impact on group affairs & comms. wrt. influence. Respected and stuff! There is also a trend of reducing status barriers (beware false methods that emph. Diffs.) Email, Text levelling barriers.
- **Group Cohesion** is the degree to which a group is attractive to its members, keeping them and having group membs. view it favourably. A relative property.

- o Affected by Threat and Competition, Success, Member Diversity, Group Size, Toughness of Initiation. Leads to More Participation in Group Activities, More conformity and More success – though the success is at its OWN goals, so ensure those are aligned! Cohesion also pays off more if the task needs interdependence, coordination etc.
- **Social Loafing** is the tendency to withhold effort when doing a group task. People work harder alone than in groups. This comes in 2 forms – the <u>free-rider</u> effect and <u>sucker</u> effect.
  - o Prevent loafing by making individual performance more vivisble, interesting work, feelings of indispensability (we need u), performance feedback, reward group perf.
- A work group is effective when it outputs acceptably to org., group member needs are satisfied and not frustrated by the group, group experience enables members to keep working together. There is <u>psychological safety, team reflexivity (discuss + adjust behaviour), shared mental models, capacity to improvise, collective efficacy (self-efficacy but group), team resilience</u>
- **Self-Managed Teams** are work groups with opportunities to do challenging work with less supervision. Excel best for complex, challenging, interdependent tasks, anything BIG
  - o Needs stability in ppl, small but not understaffed, expertise, decent social + cognitive ability, and diversity that doesn't impede but instead allows for perspectives etc.
  - o Support through training (technical, social, language, business), rewards tied to team performance, getting mngmt. to encourage their independence (coach the teams)
- **Cross-Functional Teams** contain people from different functional specialties to work together. Best seen in product development – invent, design, deliver a product or service.
  - o Needs diverse composition from all specialities, superordinate goals, physical proximity, autonomy, basic rules and procedures, and leadership! Want shared mental model.
- **Virtual Teams** are teams that use technology to communicate and collab. across time and space, and organizational boundaries. Comms. can be async. or synchronous – which is better depends.
  - o Allows for around the clock work, less travel time and cost, larger talent pools.
  - o Challenges in trust, miscomm., isolation, mngmt. issues, and also seem to share less info with each other, although they do share more unique info. Perf. needs good comms tho!
  - o Important: Recruitment, Training (Intra+Interpersonal), Personalize (interact outside of job), Leadership, Peer Feedback. Don't try to solve everything with technology!
- **Social facilitation/inhibition** is the tendency to do tasks better/worse when other ppl present.
- **Task interdependence** is degree team ppl interact, rely on others for info etc. to do the task!
- **Input-Process-Output Model**: a model for how groups work. Inputs can be individual level (member attributes), group level (group size, norms), or environmental level (task, org. resources). Affects process, which is how team organizes tasks and such, affects total output!
- There is a distinction between surface and deep diversity – diversity can be good and bad!
- **Process Gain** is group synergy etc. – more resources, abilities, better norms and decisions, able to effectively and efficiently coordinate efforts. Cohesiveness also but doesn't always = gain.
- Process Losses from Social Loafing, Cognitive process loss (lack of sharing info, norms influence, includes **evaluation apprehension**), Coordination loss (**Production Blocking**?), groupthink (conformity pressure), and group polarization.
- Improve group performance by: appealing to self interest, hold members accountable, improve comms and info sharing (devil's advocate, good leaders, setting norms, outside observers), set appropriate goals, manage diversity effectively, and remind members that groups are not as effective as they imagine – **teams are not always the answer!**
- Better brainstorming: identifiable contribution, no judging, equal status, indiv. sessions first to generate individual ideas, and perhaps electronic brainstorming (literally do it electronically)

Chapter 5 – Theories of Work Motivation

- **Motivation** is the extent to which <u>persistent</u> <u>effort</u> is <u>directed</u> to a <u>goal</u>. Can be from **extrinsic** or **intrinsic** sources. One source can exhibit both types. Both are related to performance but extrinsic tends to relate to quantity and intrinsic to quality. Also bias to motivation "purity" in job
- **Performance** is extent an org. member contributes to goal achievement. Motivation doesn't directly lead to performance – also contingent on personality, **general cognitive ability** (smarts), Task Understanding, Chance and **Emotional Intelligence**. Remember – there are a lot of factors!
  - o 4 branches of the EI model: Perceiving emotions accurately in self and others, then using emptions to facilitate thinking, then understanding emotions/emotional language and conveyed signals, then managing emotions to attain specific goals.
- **Need Theories** specify the needs people have and conditions under which they'll be motivated to satisfy those needs in way that contributes to performance. Needs to behav. to incentives/goals. A need is a psychological or physiological want or desire that can be getted by doing wanted thing.
- **Maslow's Hierarchy of Needs** is a 5-tiered need theory saying lowest level unsatisfied need has the greatest motivating potential. **Physiological > safety > belonginess > esteem needs > self actualization**. None is a "best" motivator – depends on hierarchy. Multiple tiers can be unmet. The structure/hypotheses is too rigid so there is weak/negative research support for this one.
- **Alderfer's ERG Theory** is like Maslow's but only 3 tiers – **existence, relatedness and growth**. You can move up and down the hierarchy – not needing lower level be gratified before less concrete need becomes operative and says if upper needs unmet it increases desire for lower-level gratification. Better accounts for differences in individual preferences. Basically, more lower satisfaction = desire for upper; less upper gratification – desire for lower.
- **McClelland's Theory of Needs** is non-hierarchical and outlines conditions where certain needs result in particular patterns of motivation. **Need for Achievement** has strong desire to do things well (so preference for personal responsibility, calculated risks, performance feedback). **Need for Affection** want to establish and maintain friendly, compatible interpersonal relationships. **Need for Power** is desire to influence others, making a significant impact/impression (high profile stuff and attention seeking, taking risks, prestige). People seek out and do well in jobs meeting needs. nAch is sales/entrepreneurial/small biz; nAff is social work/customer; nPow is mngmt/journalism
  - o Managerial Implications: <u>Appreciate Diversity in Needs, Appreciate Intrinsic Motivation</u> to help prevent vicious cycle of relying on low-level existential gratification and to avoid demotivating people who contribute the most to the organization. Benefit from intrinsic motivation by ensuring lower level needs met, enriching jobs to stimulate, design career paths to challenge high-needs
- **Self-Determination Theory** relates to the satisfaction of 3 basic psych. needs – **competence, relatedness, autonomy –** no hierarchy/strength diffs. Leads to **autonomous motivation** (intrinsic) or **controlled motivation** (external) on a continuum! Meet the 3 needs to get more autonomous. This will, of course, bolster performance and positive work outcomes.
  - o Managerial Implications: **autonomy support** is providing employees with choice and encouragement for personal initiative. Meaningful rationale for tasks, enabling choice over control, understand and acknowledge employee feelings and perspectives. You want this because it is good. Thus, ensure 3 basic needs met, provide said autonomy support, interesting and challenging jobs, structure jobs for interrelatedness to satisfy that need.
- **Expectancy Theory** is a process theory that says motivation is determined by the outcomes that ppl expect to occur because of the actions on the job. Effort to Performance (first level) to Outcomes (second level)

- o **Outcomes** are result of work behaviour – can be first or second level. **Valence** is strength of a second level outcome, while **instrumentality** is chance a 2nd level outcome follows from a 1st level one. **Expectancy** is chance that a 1st level outcome is doable. **Force** is relative degree of effort that will be directed to a given 1st lvl outcome. All of the above is positively correlated to force – essentially: its doable, it matters, its worth it.
  - o Managerial Implications: <u>Boost Expectancies</u> (increase self-efficacy, better equipment, task understanding, demo procedures, explain evaluation), <u>Clarify Reward Contingencies</u> (show 1st does lead to 2nd, also give challenging tasks to those who want it since it'll spur intrinsic motivation (achievement feelings instrumental on performance) so less mngmt monitoring needed), <u>Appreciate Diverse Needs</u> and thus different valences across ppl.
- **Equity Theory** is the same theory as from Chp 4. It also makes sense here! Individuals are motivated to maintain equity – be it through gaslighting wrt self/other's I/O, choosing new comparison groups, or altering one's I/O or straight up leaving.
  - o Also a tendency to choose same-sex comparison groups – could explain wage gap???
  - o Lots of support for underpayment inequality(-inputs/quality, resignation, seek other equity), overpayment tends to be more accepted/ leads to greater distortion to justify it.
  - o Managerial Implications: Underpayment bad, but overpayment might not have intended effect; understand the comparison group; understand what they are comparing against!
- **Organizational Justice**: also Chp 4 – distributive, procedural, interactional (interpersonal/ informational). Have fair procedures, explain decisions and treat them with dignity!
- **Goal Setting Theory** says **goals** are motivating when they are <u>specific, challenging, ppl committed, feedback to progress provided</u>. They direct <u>attention</u> to goal, lead to more <u>effort</u>, more <u>persistence</u> and lead to using and discovering <u>task-relevant strats</u> to help attain the goal. Goal -> Behaviour -> Feedback -> Discrepancy -> New Goal with +- effort.
  - o Enhance goal commitment by allowing employees to participate in goal setting (also makes more challenging and thus performance), bolster rewards (not necessarily $, but should be compatible with other pay-to-performance systems), mngmt support (show desire to assist in achievement of goal, be supportive if failure occurs, no threat/punish)
  - o **Goal Orientation** is indiv. goal pref. in achievement situations. Stable diff. that affects performance. Oriented to **learning goal** (learn new things + competent)**, performance-prove** (get favourable judgements)**, performance avoid** (avoid negative judgements). Can affect learning and performance outcomes (Avoid seems to be detrimental)
  - o **Distal Goals** are long term, **proximal goals** are short term. You want to break up distal goals into proximal ones, for clear progress and feedback, thus better eval. Perf. and finding strategies that work. Especially important for Novel and Complex tasks.
  - o Implications: Set specific, challenging goals, enhance commitment (see above), provide ongoing feedback, break down big goals into smaller subgoals.
- Motivation Theories Across Cultures: different needs across cultures, so those have limitations. SDT good. Equity bad if pref. for equality. Expectancy flexible and good; goal setting works but adjust goal-setting process across cultures.
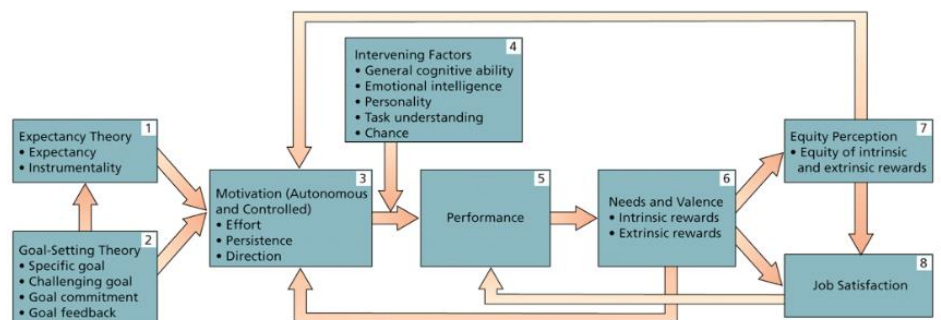
Chapter 6 – Motivation in Practice

- Money motivates and is often underestimated. But seriously pay your workers. Pay also contains other "fringe benefits" that sum to <u>total rewards</u>. In expectancy theory terms, we expect high valence and good motivator if tied to performance. **Variable Pay** does exactly that.
- On Production Jobs, **wage incentive plans** are any plan to link pay to performance. Most basic is the **piece rate**. Substantially increases productivity esp. compared to other tactics. However, can lead to -quality, differential opportunity (diff. expectancy in divisions?), -cooperation; job design incompatible if hard to ID indiv. contribution, and leads to restriction on productivity as workers come to an informal agreement on what a fair day of work is b/c too much could be layoff time…
- On White Collar Jobs, they're called **merit pay plans**. Prototype is periodic evaluation that leads to extra merit pay, usually lumped into next year's pay. Ineffective cuz hard to see the link tho.
  - Also has problems with low discrimination (mngmt unwilling to do so), small increases (insignificant – one solution is a **lump sum bonus** for more visibility but that can also lead to unethical behaviour), pay secrecy (messes with equity theory? Also, other ppl's pays invented, when combined with biases tends to drop satisfaction and view of perf-reward link) (pay disclosure could help, but also expose inequality in evaluation system leading to management evaluating performance in a way that reduces conflict).
- Pay can also Motivate Teamwork:
  - **Profit Sharing** is employees receiving cash bonus based on org. profits. Gives sense of ownership, aligns goals, and only pays when profits; but hard for employees to see effects of actions on profits, and there are a lot more confounding factors to profits.
  - **Employee Stock Ownership Plans** give employees shares in the company, creating legal and pysch. sense of ownership, aligning goals; but also confounding factors on stock price, hard to see connection, and lose motivation potential if eco. dies and -stock price.
  - **Gainsharing** gives bonuses whenever measured costs decrease, aligning goals and encouraging teamwork and cooperation; but means bonus paid even if company is not profitable, and employees neglect objectives not included in bonus calculation formulas.
  - **Skill-Based Pay** is when employees paid according to number of job skills acquired. Encourages learning new skills, gives +flexibility in task assignments, broader picture of work process, but +training cost and +labour costs as more employees get more skills.
  - They work, improving behavioural, operational, financial outcomes. Best for small teams
- **Job Design** is the structure, content and organisation of a person's work tasks and roles. Leads to intrinsic motivation! In the old days we focus on job simplification because Industrialization
  - **Job Scope** is the **breadth** and **depth** of the job. Amount of different tasks; autonomy in planning how to do the work. Leads to High Scope, Low Scope if both high/low. High Scope should give more intrinsic motivation because higher order needs and expectancy. Increase Scope through **Stretch Assignments** or **Job Rotation**.
  - **Job Characteristics Model** says **Skill Variety** (# skills used), **Task Identity** (job from beginning to end), **Task Significance** (impact on ppl) = <u>Experienced Meaningfulness</u>; **Autonomy** (freedom of when work, decide on work procedures) = <u>Experienced Responsibility for Outcomes of Work</u>; **Feedback** = <u>Knowledge of actual results of work activities</u>. Combined, they lead to high internal work motivation, growth satisfaction, general satisfaction and work effectiveness.
    - Moderated by Job-relevant knowledge and skill of the worker, **grow need strength** (extent ppl desire high-order need satisfaction), dissatisfaction with context factors, like pay, supervision and other company policy etc.

- o **Job Enrichment** is designing jobs to enhance intrinsic motivation, quality of workin life, and **job involvement** (how important job is to u). Involves boosting core characteristics listed above – combine tasks, add internal/external client relationships, form work teams, reduce supervision and reliance on other, make feedback more direct!
    - ▪ Potential Problems: Poor Diagnosis of Org. needs and job, which could lead to job enlargement (more tasks but no core char. diff = BAD), lack of desire or skill to do better, demand for rewards because equity, union resistance because this could mean less jobs + strain, supervisory resistance cuz they not needed now lol (one could solve this last issue by switch em to training/dev. Enriched jobs)
- o **Work Design Characteristics** are attitudes of the task, job, social, org. envs. Includes task characteristics (JCM), knowledge chars. (need for knowledge and skill in job), social chars. (interpersonal/social aspects), contextual chars. (ergonomics, conditions, equipment, physical dmds etc). Also impacts job attitudes and behaviour (esp. social)!
- o **Relational Architecture of Jobs** focuses on employee oppo. to connect and interact with others, motivating them to make differences in other's lives. **Prosocial Motivation**! Keep employees in touch with those who benefit from their work, or at least keep them aware.
- o **Job Crafting** is proactive, self-initialized changes that employees do to improve their fit. Individual personality and autonomy in job predict it, which can cause +structural/social job resources (feedback and support; autonomy/skill variety), and +- job demands. Leads to positive work outcomes. Most important is structural. Encourage this and give oppo.!
- **Management by Objectives** is elaborate, systematic, ongoing program designed to facilitate goal dev./accomplishments and employee development. Another label for goals basically. Top management decides on org. goals which diffuse down.
    - o Cycle where mgnmt meets with indiv. workers to develop and agree on goals, periodic meetings to check in and maybe adjust, appraisal meeting to see what met and reflect.
    - o It works but it needs full commitment from upper mngmt or else its just bland paperwork. Also balance of quant/qual-itative goals and be wary of too much short term orientation. Also don't allow performance evals to just become beating up employees, that no good.
- **Flexible work arrangements** allow for flexibility in when/where work is done. Doesn't intrinsically motivate but allows meeting of diverse needs and +job satisfaction, WLB.
    - o **Flex Time** allows for flexible clock in/out – given that you still work your hours. Not the best if work is interdependent, and problems with supervision so mainly seen in offices.
    - o **Compressed Workweek** smushes 5 days of work into less. Reduces absenteeism but adds to fatigue which could harm long term benefit. No effect on absenteeism, employee job perf, productivity or employee physical health, but +satisfaction and w/ schedule tho
    - o **Job sharing** is 2 part timers doing the work of 1 full timer. Great to get ppl who can't do full time but leads to evaluation and coordination problems that need solving.
    - o **Work sharing** is reducing hours worked during hardship to prevent layoffs. Wages supplemented in those cases. Allows retaining best workers and quick rebounds.
    - o **Telecommuting** is work from home. Can be hybrid. Allows **distant staffing**. Convenient, boosts productivity, saves money – most likely here to stay. Small + to perceived autonomy, but can decrease informal communication (small talk) and lead to feelings of isolation, loneliness, exhaustion, stress, burnout, sedentary life… also not suitable in some situations (customers coming in office, extensive collab needed)
- No one thing works for one situation! Contingent on employee needs, nature of job, organization characteristics, and desired outcomes. Ensure motivational practices fit in and are part of the r organization structure and system of management procedures, so that they work.

Chapter 11 – Decision Making

- **Decision Making** is the process of developing a commitment to some course of action. Involves a choice among alternatives, process on how decision reached, and resources dedicated to commit.
- **Problems** is perceived gap btwn existing state and a desired state. DM is problem solving!
    - **Well-Structured Problems** have clear existing states, clear desired states, and how to get form one to another is obvious. Simple problems, little autonomy, repetitive, familiar. They're given **programs**, standardized ways to solve a problem. Short circuits DMs and helps reduce errors. Programs are as good as the decision that led to their existence.
    - **Ill-Structured Problems** are the opposite – unique, unusual, cannot be solved with a program. The general process a rational decision maker would use to solve the problem involve: Identifying Problem, Searching for Relevant Info, Developing alternatives, Choosing best solution, Implementing that solution, Monitor and Evaluate Solution.
- **Perfect Rationality** is completely informed, perfectly logical and oriented to economic gain. Like the Economics person in EC120. **Bounded Rationality** is what you see irl – limited info, reflective of time constraints and political considerations. Try to be as rational as possible.
    - **Framing** is aspects of presentation of information about a problem that are assumed. Boundaries, possible Outcomes, Reference Points etc. Have huge influence!
    - **Cognitive Biases** are tendencies to acquire and process info in an error-prone way.
- Problems in problem identification: perceptual defense, problem defined in terms of functional specialty (this is an tech problem), or in terms of sol. (this must work!), or in terms of symptoms (not solving the deep root cause and investigating). Once identified a problem is framed in some way. Be aware + maybe try different framing, avoid overarching, universal frames.
- Problems in information search:
    - Too little info – **availability bias** (favour quickly accessible info), **confirmation bias** (seek info that confirms, thus decision-based evidence making and **overconfidence**), **not-invented-here bias** (ignore stuff outside of org./team or see them as negative).
    - Too much info – **information overload** leads to error, omission, corner cutting, delays. Also leads to attempts at using all information regardless of relevance. More isn't better, although DMs tend to do this out of fear of "being in the dark".
    - Info Seeking also one by asking for advice, which leads to bias in paid sources and more abstract advice. Big Data also amplifies bias with TMI = deficit of USEFUL info.
- Alternative Development, Evaluation, Choice: **maximization** to pick option with greatest expected value. However, we suck at stats. We avoid adding data about event likelihood, focus on small sample data, overestimate odds of event chains, and cannot revise estimates, **Anchor effect**.
    - Reduce bias by making ppl accountable before decision – otherwise actually + bias.
    - **Satisfice** is adequate level of acceptability for a solution, seen with bounded rationality.
- **Gain/Loss Frame** - People tend to make riskier choices when things are framed as a loss and take the conservative option when it is framed as a gain. Be aware of the reference point!
- Also try to factor in solution implementation when picking – helps to have cross-functional team.
- **Sunk Costs** are permanent losses of resources from previous decisions. We tend to include these when they shouldn't matter and do **escalation of commitment**, investing more in a failing action.
    - Norm of consistent behaviour, personality, competition, emotion all cause this
    - Prevent by being alert for overoptimism, setting goals that must be met before more, encourage continuous frame shifts, separate initial and subsequent decision making, emphasize good decision making over good outcomes for accountability and to not fear failure

- **Hindsight** is tendency to review DM process to find out what was right or wrong. Leads to "knew it all along effect" which can affect later judgements – do a risky play again cuz it "worked before". Also the thing with situational/dispositional attribution also occurs here.
- **Emotions** affect decisions b/c ppl don't want to be wrong and are attached to failing actions. However emotionless DM isn't rational either – it's critical to properly evaluate impact of decisions on self and others. Esp. for fixing critical errors or finding creative solutions. But can also hinder if you're blinded by emotion and become self-focused/distracted from prob. dmds. Stress also intertwined with emotion, and stress can lead to poor, risky decisions.
- **Mood** also impacts – greatest impact on uncertain, ambiguous decisions. Positive mood leads to positive info remembered, positive evaluations, and overestimating positive events, more shortcutting of DM process, and creative, intuitive DM. So negative mood = + rational, actually.

Exhibit 11.3
Summary of cognitive biases in decision making.

- Decision makers tend to be overconfident about the decisions that they make.
- Decision makers tend to seek out information that confirms their own problem definitions and solutions. (Confirmation bias)
- Decision makers tend to remember and incorporate vivid, recent events into their decisions.
- Decision makers fail to incorporate known existing data about the likelihood of events into their decisions.
- Decision makers ignore sample sizes when evaluating samples of information.
- Decision makers overestimate the odds of complex chains of events occurring.
- Decision makers do not adjust estimates enough from some initial estimate that serves as an anchor as they acquire more information. (Anchoring effect)
- Decision makers have difficulty ignoring sunk costs when making subsequent decisions.
- Decision makers overestimate their ability to have predicted events after the fact, take responsibility for successful decision outcomes, and deny responsibility for unsuccessful outcomes. (Hindsight)

- **Group Decision Making** exists – can lead to better decision quality, decision acceptance and commitment, diffusion of responsibility. Does lead to better decisions but group needs to differ in skills and abilities, and expertise in certain fields needs to be recognized.
  - Disadvantages: takes more time, can lead to conflict, could become dominated by a person/coalition, **groupthink**, when pressure for group conformity means that ability to make good decisions is hindered. Occurs from strong id with group, concern for their approval, isolation from other info, promotion of a particular idea by the leader.
  - Symptoms of groupthink: illusions of invulnerability/morality/unanimity, rationalization, stereotypes of outsiders, self-censorship, mindguards. Prevent by not having leaders push too hard for a specific outcome, and establish norms that promote responsible dissent, outside experts, subgroups, and "second-guess" meetings.
- You want controversy, but not too much of it – manage by appointing a **devil's advocate** who identifies and challenges weaknesses. Do it objectively and unemotional manner btw.
- **Group Risk**: decisions tend to either exhibit **risky shift**, or **conservative shift**. Depends on initial positions of members, but overall the group discussion polarizes and exaggerates. Can be helpful if it arises from sensible discussion. Minimize with structured decision making.
- Contemporary Approaches to Decision Making include **evidence-based management** (use best available evidence), **crowdsourcing** (ask a large group), **analysis** (find patterns in big datasets) **and big data** (unstructured data, real time from many sources – volume, velocity, variety).
- **Prospect Theory** – a loss of X hurts twice as much as a gain of X. We hate losses a lot more!
- **Escalation of Commitment** occurs from self-justification theory, confirmation bias, loss aversion based on prospect theory (gamble to try not lose), and impression management.
- **Abilene Paradox** – a decision made that everyone hates b/c people feel its what the group wants, and their objections cannot change the minds of others. Called "Rocking the Boat".
- **Availability Heuristic** = availability bias, **Representativeness Heuristic** = judging probability by considering similarities to other data, rather than proper unbiased probability.
- **Gambler's Fallacy**: The chances of success next time changes depending on recent occurrences.
- **Anchoring and Adjustment**: relying on an anchor too much, even if no basis for that anchor.

Chapter 13.4 – Negotiation

- **Negotiation** is a decision making process among interdependent parties who do not share identical preferences. Can be **distributive negotiation**, win-lose style where a fixed "pie" is divided amongst the parties, which tends to lead to compromises with both parties "acceptance range"; or **integrative negotiation**, win-win style in which the pie is increased from collab.
- Distributive Negotiations tend to be about a singular topic, both parties have a target, resistance point thus forming an acceptance range. The overlapping region is the settlement range!
    - Threats and Promises can be used, although the difference between the 2 can be subtle. Threats are better if you have more power and no more negos. afterwards, or if it can be posed in a civil and non-threatening manner. Without this, a counterthreat can derail, bad. Opposite true for promises – either way you want to send interpretable signals to the other party about your true position. Careful timing is very important!
    - Being firm can give you better results especially in face-to-face negotiation; when concessions are necessary there is a tendency to use face-saving tactics to justify it.
    - Persuasion involves a 2-prong attack – assert technical merit of your position and assert fairness of your target position. Best if the persuader seen as an expert, likable and unbiased – maybe bring in an unbiased party like client testimonials. It's worth it and collaborating and competing strats. are way better then comprising/accommodating ones.
- Integrative Negotiations involve collaborative problem solving, requiring trust between the two parties and creativity, often giving superior negotiation outcomes. Try to do this even if hard.
    - Needs copious information exchange, frame differences as opportunities (trade off things that are worth to each other), cut (perceived) costs, increase/pool resources, introduce superordinate goals.
    - Also, emphasize commonalities and minimize differences, ask heaps of questions, give away some info, make multiple offers at once, search for a novel sol. That meets the goals of both sides.
- **Negotiation Characteristics**: Conflicting interests exist, engage in communication to divide/exchange resources, make offers and counteroffers, compromises possible, interdependent parties, outcomes determined jointly, incomplete knowledge about each other's interests.
- **How to Negotiate**: Assess personal goals, consider other's goals and develop a strategy. You need to KNOW your target and resistance points, as well as identify your BATNA – best alternative to a negotiated agreement. Know these as you go along so you don't escalate commitment to a bad deal. Strengthen BATNA whenever possible and highlight that to your opponent – find out about their BATNA AMAP as well.
- Not every issue is distributive! Sometimes they are **perfectly compatible** and everyone wants the same thing. Also be integrative in the sense that issues can be combined to get mutually beneficial outcomes – trade off one thing for another!
- General good negotiating strategies: Give up on integrative issues that are less important so you can gain on the important ones; get the compatible issues, split the difference for distributive.

From "The Sluggers Come Home":

- Mistakes:
    - **Escalation of commitment,** even if the deal is bad. Recognize sometimes the best deal is no deal, ensure that you know your BATNA and Reservation Price.
    - **Mythical Fixed-Pie**. Assumption that interests are directly opposed, leading to win-lose thinking and overcompetitiveness. It's not true! Don't blind yourself to all potential paths

- o **Anchoring and Adjustment**. Anchors tend to stick even if its based on faulty, incomplete or no information at all. Solve the problem by doing your homework before.
- Negotiate a better deal by:
  - o Acknowledging emotions but sticking to business
  - o Take the necessary time to really think it through and stuff
  - o Ask lots of questions, even if you don't initially get answers!
  - o Research and trade information to try get to an integrative solution
  - o Evaluate Proposals thoroughly
  - o Stay open to creative solutions by focusing on the interests, rather than winning
  - o Sometimes the best deal is no deal – remember that!
- **Risk assessment** – humans have different reactions and perceptions of risk. By tradeoffs its possible to reach mutually beneficial agreements. Variable items can also help smooth risk and transfer it between parties.
- **Impasse Suggestions** – focus on interests vs positions, make small concessions, take a break, bring in a third party.
- **Negotiating in a closet**: Negotiating with yourself, making assumptions about others. Don't do this, and avoid further proposals until every previous point has been covered and you have the other party's opinion on those.
- **Settlement Stuff**
  - o Always negotiate to the end on every detail, read the agreement carefully and don't get careless, and agree on the meaning of every provision in the statement
  - o **Nibble** is at attempt to grab extra concessions at the end. The other side often will concede to not spoil the mood.
  - o **Post-settlement Settlement** are adjustments made after the tensions are gone. Both parties might be more willing to do some trade offs and stuff ig idk